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In the Supreme Court of the United States

OCTOBER TERM, 1963

No. 48

GUST YIATCHOS, PETITIONER

v.

PEARLE W. YIATCHOS, ET AL.

ON WRIT OF CERTIORARI TO THE SUPREME COURT OF THE STATE OF WASHINGTON

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

OPINIONS BELOW

The opinion of the Superior Court of the State of Washington in and for the County of Douglas (R. 7-14) is not reported. The opinion of the Supreme Court of the State of Washington (R. 17-20) is reported at 160 Wash. Dec. 180, 373 P. 2d 125.

JURISDICTION

The judgment of the Supreme Court of the State of Washington was entered on June 28, 1962 (R. 17). A timely petition for rehearing was denied on September 19, 1962 (R. 21). The petition for a

writ of certiorari was filed on December 12, 1962, and granted on February 18, 1963 (R. 23). 372 U.S. 905. The jurisdiction of this Court rests upon 28 U.S.C. 1257(3).

QUESTIONS PRESENTED

A husband residing in a community-property State purchased, with community funds, United States savings bonds registered in his name, payable on death to his brother. The husband died, survived by his wife and brother. The questions presented are:

1. Whether, in the absence of a showing or finding that the purchases were without the wife's consent or knowledge, the purchases constituted a fraud on the wife (or a breach of trust tantamount thereto) within the fraud exception implicit in the Treasury Regulations governing ownership of savings bonds.

2. Whether, assuming that there is such fraud or an equivalent breach of trust as to confer upon the wife ownership of a one-half interest in the treasury bonds, the remaining one-half interest is owned by the deceased's estate or by the registered beneficiary.

STATUTES AND REGULATIONS INVOLVED

The applicable statutory and regulatory provisions are set out in the Appendix, *infra*, pp. 19-22.

STATEMENT

During 1950 and 1951 Angel N. Yiatchos, a resident of the State of Washington, purchased a number

of United States savings bonds having a total value of $15,075, using for that purpose $11,306.25 of the community funds belonging to him and his wife, respondent Pearle W. Yiatchos (R. 3-5). Angel Yiatchos registered himself as owner of each of the bonds, and his brother, petitioner Gust Yiatchos, as beneficiary to whom each of the bonds was payable upon Angel's death (R. 3-4).[1] Each of the bonds incorporated the regulations of the Department of the Treasury, which provided that, under this form of registration, "the beneficiary will be recognized as the sole and absolute owner" upon the death of the registered owner (31 C.F.R. 315.66, *infra*, pp. 21-22).

Angel N. Yiatchos died on November 22, 1958. In his Will, he named his wife, respondent Pearle Yiatchos, as executrix, and bequeathed his share of the community cash and bonds in equal shares to petitioner, Angel's four sisters, and a nephew (R. 6-7). His estate had an appraised value of $37,205, all but $700 of which consisted of community property (R. 5).

Under the law of Washington, as under the law of most community-property States, all property acquired by either spouse during marriage, except that received by gift, devise, or descent, is community

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[1] The bonds were registered "Angel N. Yiatchos P.O.D. Gust Yiatchos" or "Angel N. Yiatchos P.O.D. Constantinos Yiatchos" (R. 3-4). Constantinos was another name occasionally used to designate petitioner (R. 3-4).

property.[2] Property purchased with community funds therefore retains its character as community property.[3] Although each spouse owns an undivided one-half interest in the community property, the husband is the sole authorized manager of the property and has the same power of disposition over it as he has of his separate property, except that he shall not devise by will more than one-half thereof.[4] As manager, he is presumed to act for the community's benefit.[5] However, he cannot make substantial gifts of community property without his wife's consent.[6]

Petitioner brought suit against respondent Pearle Yiatchos, individually and as executrix, in a Superior Court for the State of Washington, seeking a judgment declaring him to be the sole and absolute owner of the savings bonds by reason of their terms and the Treasury Regulations incorporated therein (R. 7-8). The deceased's sisters and nephew, who lived in Greece, intervened through the Consul General of Greece in San Francisco (R. 8). Respondents answered that, since the bonds were purchased from

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[2] Revised Code of Washington, § 26.16.030; § 26.16.010 and §26.16.020. For an early description of the community-property system of Washington, see *Warburton* v. *White*, 176 U.S. 484.

[3] *Warburton* v. *White*, *supra*, 176 U.S. at 494-495; *In re Allen's Estate*, 54 Wash. 2d 616, 619, 343 P.2d 867.

[4] Revised Code of Washington, § 26.16.030.

[5] *Gannon* v. *Robinson*, 59 Wash. 2d 906, 907, 371 P.2d 274; *Marston* v. *Rue*, 92 Wash. 129, 131, 159 Pac. 111.

[6] *Marston* v. *Rue*, *supra*; *Hanley* v. *Most*, 9 Wash. 2d 429, 458-459, 115 P. 2d 933.

community property, they should be treated as community property and distributed as part of the community estate, with one-half to go to the wife and the remainder to be divided among the five other respondents and petitioner (R. 8-9).

The case was submitted to the court on the basis of a stipulation purporting to state "all the material facts" (R. 2, 3-6). However, it merely recounted those facts set forth above, without indicating whether Angel Yiatchos' purchase of the bonds and the naming of petitioner as beneficiary were for consideration, or otherwise; whether these actions were intended to be for the benefit of the community; whether they were undertaken with or without his wife's knowledge and/or consent; or whether, if Angel acted initially without his wife's consent, she subsequently ratified his action (R. 3-6).

On the stipulated facts, the trial court held that state community property law governed ownership of the bonds. Because the bonds were purchased with community funds they were held to be community property, in which the surviving wife was entitled to a one-half interest. The remainder was ordered returned to the estate and distributed to Angel Yiatchos' sisters, nephew, and brother (R. 13-14). The trial court made no finding of fraud or breach of trust. The petitioner was directed to endorse the bonds to make them available as community property in accordance with the judgment (R. 7, 16).

While the petitioner's appeal to the Washington Supreme Court was pending, this Court entered its

decision in *Free* v. *Bland*, 369 U.S. 663. The Washington Supreme Court nevertheless affirmed the judgment of the trial court. It approved the trial court's statement that "the community cannot be deprived of community funds by the purchase of government bonds," and reasoned that this case came within the exception for fraud or its equivalent noted in *Free* v. *Bland*, *supra*, because the purchase of bonds out of community funds in itself constituted a "constructive fraud," in violation of the rights of the respondent wife (R. 19-20). It affirmed the holding that petitioner was entitled to nothing under the terms of the bonds, on the ground that, since the purchase constituted a "constructive fraud," it was "void *ab initio*" (R. 19).

INTEREST OF THE UNITED STATES

This brief is filed pursuant to an invitation, set forth in this Court's order allowing certiorari, seeking an expression of the views of the United States[1] (R. 23, 372 U.S. 905).

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[1] Statistical samplings made by the Treasury Department indicate that approximately eighty percent of the Series E savings bonds outstanding (which total nearly $39 billion) are registered in co-ownership form ("A and B"), and nearly fifteen percent in beneficiary form (A, payable on death [or P.O.D.] B). Although bonds registered in co-ownership form are payable to either owner during the lives of both co-owners, while those registered in beneficiary form are payable only to the registered owner during his lifetime, the survivorship provisions of both types of bonds are substantially identical. Compare 31 C.F.R. 315.66 (*infra*, pp. 21-22) with 31 C.F.R. 315.61.

In our view, the decision of the Washington Supreme Court improperly limits the scope of the Treasury Department regulations governing ownership interests in savings bonds, and unduly restricts the effect of this Court's decision in *Free* v. *Bland*, 369 U.S. 663. These consequences are of concern to the United States because they affect the sale of savings bonds which, in turn, plays a vital role in the financing of the government's debt. There are now estimated to be nearly $39 billion of outstanding United States Series E savings bonds, registered in either the "co-ownership" or the "beneficiary" form and thus providing a right of survivorship such as that involved in the present case. It is reasonable to assume that a large proportion of these bonds were purchased in order to obtain the survivorship benefits conferred by their terms and by the express provisions of the Treasury regulations. An unjustified disregard of the rights of survivorship conferred by these Treasury bonds detracts from the appeal which savings bonds have to small-scale purchasers—to the detriment of government financing.

SUMMARY OF ARGUMENT

I

This Court's decision in *Free* v. *Bland*, 369 U.S. 663, established that federal law controls the beneficial ownership of savings bonds; that, except in cases of fraud or an equivalent breach of trust, the express provisions of the bonds and incorporated Treasury regulations specify the owner of savings

bonds; and that fraud or an equivalent breach of trust constitutes an exception to be defined under federal law. Beyond this, it is apparent that, in light of the terms and purposes of the applicable Treasury regulations and ordinary principles of proof, the burden of showing fraud or its equivalent falls upon the person attacking the ownership specified by the savings bonds themselves.

That burden has not been met in the present case, for the respondents did not allege or undertake to show either that the deceased husband committed fraud or a breach of trust in purchasing the bonds in question or even that he purhased them without the consent or ratification of his wife. The fact that the bonds were purchased by the husband with community funds is as consistent with the wife's consent and authorization as with a breach of trust by the husband and so cannot, of itself, sustain the respondent's burden. However, since this case was tried on facts stipulated prior to this Court's decision in *Free* v. *Bland*, *supra*, we suggest that the case should be remanded to enable the respondents to attempt to show fraud or an equivalent breach of trust.

II

Even if the state court had been justified in finding fraud, the remedy it provided, which denies all effect to the ownership provisions of the bonds, is contrary to applicable federal law. It is conceded that the bonds were purchased with funds at least one-half of which were equitably and beneficially the

property of the purchasing husband. There is therefore no justification for denying effect to the ownership provisions of the bonds and the Treasury regulations as to a one-half interest in these bonds. The proper remedy, adopted previously by other state courts, is either to declare a trust in behalf of the wife as to a one-half interest in the bonds or to give the wife judgment for one-half their value against the registered owner.

ARGUMENT

I

SINCE THERE WAS NO SHOWING OF FRAUD, OR AN EQUIVALENT BREACH OF TRUST, IN THE PURCHASE OF THE BONDS, THE STATE COURT ERRED IN HOLDING THAT THE REGISTERED BENEFICIARY WAS NOT ENTITLED TO OWNERSHIP

Introduction

In *Free* v. *Bland*, 369 U.S. 663, this Court resolved a conflict among state courts as to the relationship between the ownership and survivorship provisions of United States savings bonds and the divergent state laws of property and devise and descent. In that case, a husband in a community property State had purchased savings bonds with community funds, and had registered them in co-ownership form, with himself and his wife as co-owners. Under the terms of the Treasury regulations, upon the death of either co-owner the survivor became the sole, absolute owner of the bonds.[8] The wife died first, and her son, who

[8] 31 C.F.R. 315.61, and 31 C.F.R. 315.20(a) (*supra*, pp. 20-21).

was the principal beneficiary under her will, demanded one-half of the bonds or reimbursement for the loss of her community half-interest in the funds used to purchase the bonds. The state court awarded the son reimbursement on the ground that, under state law, the bonds were community property, even if both husband and wife intended to create survivorship rights, because the bonds were purchased with community property.

This Court reversed, ruling that beneficial rights of ownership were to be determined by the Treasury regulations, which prevailed over any conflicting state law. 369 U.S. at 668. The Court held that the federal government's authority to issue the bonds and regulate their terms had been delegated by Congress to the Secretary of the Treasury (31 U.S.C. 757c (a)), who was authorized to make the bonds an attractive investment to savers and investors by providing simple and certain survivorship terms which avoid complicated probate proceedings. 369 U.S. at 667-669. Any rule of state law in conflict with these terms had, therefore, to give way to the paramount federal law expressed in the Treasury regulations. Accordingly, this Court reversed the state court decision.

The Court recognized, however, that there was "an exception implicit in" the Treasury regulations, "so that federal bonds will not be a 'sanctuary for a wrongdoer's gains.'" 369 U.S. at 670. Upon a showing of "fraud or a breach of trust tantamount thereto on the part of a husband while acting in his capacity as manager of the general community

property," the Court stated, relief would be available to the wife or those who succeeded to her interest in the property. 369 U.S. at 670. Since the record on summary judgment did not raise any issue of fraud, the Court remanded the case for further proceedings and reserved, for "another day," a determination of "the doctrine of fraud applicable under federal law," 369 U.S. at 670-671.*

The following propositions may therefore be taken as settled by this Court's decision in *Free* v. *Bland*, *supra*: (1) that the beneficial ownership of savings bonds is to be determined in accordance with federal law; (2) that, except in cases of fraud or its equivalent, the express provisions of the bonds and the Treasury regulations govern beneficial rights of survivorship, notwithstanding the fact that the bonds were purchased from community funds; and (3) that fraud or its equivalent constitutes an implied exception to the provisions of the bonds and Treasury regulations, the scope and application of which are to be defined by federal law.

A. *Under The Treasury Regulations The Registered Beneficiary Of A Savings Bond In The "Beneficiary Form" Must Be Recognized as The Owner After The Death Of The Registered Owner, Absent An Affirmative Showing Of Fraud Or An Equivalent Breach Of Trust*

The Treasury Regulations controlling the ownership of savings bonds in the beneficiary form, such

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* Citing *Holmberg* v. *Armbrecht*, 327 U.S. 392; *Clearfield Trust Co.* v. *United States*, 318 U.S. 363.

as those involved in this case, provide that "upon proof of death of the owner the beneficiary will be recognized as the sole and absolute owner" (31 C.F.R. 315.66, *infra*, p. 22) and that "no judicial determination will be recognized which * * * would defeat or impair the rights of survivorship conferred by these regulations upon a surviving * * * beneficiary" (31 C.F.R. 315.20, *infra*, p. 20). By their very terms, these regulations confer a presumptive validity on the designation of the beneficiary by the purchaser of the bonds. This assurance that the beneficiary will be treated as the owner on the death of the registered owner (absent affirmative proof of fraud or breach of trust) is at the core of the purposes served by the Regulations. For the Treasury is attempting to sell bonds by providing "a convenient method of avoiding complicated probate proceedings" (*Free* v. *Bland*, 369 U.S. at 669) and by furnishing a simple yet sure means of controlling the devolution of property. Without the presumption of validity of the purchaser's designation of the beneficiary, it is apparent (1) that the purchaser of a savings bond in the "beneficiary form" would have far less assurance that the Treasury's offer to create property rights in the chosen beneficiary would be honored by the state courts; and (2) that, even absent any claim of fraud or breach of trust, the beneficiary of such a bond would have to undergo comparatively complicated probate proceedings to prove his right to the savings bonds.

Moreover, as this Court held in *Free* v. *Bland*, 369 U.S. at 670, 671, it is "the doctrine of fraud applicable under federal law" which measures the implied exception to the ownership provisions of the Treasury Regulations. It is well settled under the decisions of this Court that one who asserts a federal right or defense based upon fraud has the burden of pleading and proving it. *United States* v. *Colorado Anthracite Co.*, 225 U.S. 219; *United States* v. *Wunderlich*, 342 U.S. 98, 100. As the Court said in *United States* v. *Colorado Anthracite Co.*, *supra* (225 U.S. at 226): "Fraud is not presumed, and one who bases a right or defense upon it should allege and prove it."

It is, therefore, plain that the burden of pleading and proving such fraud or breach of trust as would constitute an implied exception to the ownership provisions of the Treasury Regulations lies upon the party attacking the claim of the registered owner or beneficiary.

B. *The Decision Below Cannot Stand Because the Respondents Did Not Meet Their Burden of Showing Fraud Or an Equivalent Breach of Trust*

We do not question that in an appropriate case a state court may, consistently with the Treasury regulations, grant relief to a wife whose husband has improperly made gifts, in the form of savings bonds, in derogation of the wife's interest in the community property. Plainly, however, the husband can be guilty of a breach of trust only if he acted without the consent and authorization of the wife. And, as we have shown *supra*, pp. 11-13, the party attack-

ing the rights of a registered owner or beneficiary of savings bonds must allege and prove the charge of fraud or breach of trust.

Respondents, however, neither alleged nor undertook to prove that petitioner's rights as the registered beneficiary of the savings bonds were obtained as a result of any fraud or breach of trust. Nor did they allege or show that the husband had purchased the bonds without the approval or ratification of his wife. They established only that the bonds were purchased seven years prior to the husband's death with community funds; that they were bought by the husband, who is manager of the community; and that they were payable to the husband's brother on the husband's death. But this showing is fully as consistent with the wife's initial consent or later ratification during the ensuing seven years as with a conclusion that the purchases were in breach of the husband's duties as manager of the community assets. There is thus no adequate basis in the record for the state court's conclusion that "this was a unilateral attempt to convert community property into separate property" which was "in fraud of the rights of the respondent wife" (R. 19).

Without either an allegation or any evidence of lack of consent or authorization by the wife, the respondents failed to sustain their burden of showing such a breach of trust as would constitute an exception to the provisions of the Treasury regulations conferring ownership upon the registered beneficiary. Indeed, if a registered beneficiary could be put to the test of proving his entitlement to savings bonds by the

mere showing that they were purchased with community funds by the manager of the community property, the Treasury's offer of a simple and sure devolution of property would be largely illusory in a community-property state.

C. *The Judgment Of The Washington Supreme Court Should Be Vacated And The Case Remanded To Allow The Respondents To Attempt To Prove Fraud Or An Equivalent Breach Of Trust*

This case was tried on facts stipulated prior to this Court's decision in *Free* v. *Bland*, 369 U.S. 663. The stipulation was not directed to the question of the wife's consent to or ratification of the purchase of the bonds in issue and, indeed, there was some reason for the parties to assume that this issue would not be material under the applicable precedents in the State.[10] In this situation we believe that the respondents' failure to prove fraud or an equivalent breach of trust may not justify the entry of judgment for petitioner without further proceedings.[11] We therefore respectfully suggest that the decision below be reversed and the case remanded to allow the state court to furnish the respondents an opportunity to allege and offer proof of fraud or an equivalent breach of trust.

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[10] See, *In re Allen's Estate*, 54 Wash. 2d 616, 343 P. 2d 867.

[11] On remand from this Court's decision in *Free* v. *Bland*, *supra*, the Supreme Court of Texas has ruled that the failure to plead fraud in these circumstances is dispositive. *Bland* v. *Free*, 359 S.W. 2d 297.

II

EVEN IF RESPONDENTS PROVE A BREACH OF TRUST EQUIVALENT TO FRAUD UPON THE WIFE, PETITIONER IS ENTITLED TO A ONE-HALF INTEREST IN THE BONDS

In our view the Washington Supreme Court erred not only in its finding of fraud upon the wife but also in the relief granted. Even if fraud is proved on remand of this case it will be improper to deny petitioner, who is the registered owner of the bonds, a one-half interest in them.

Federal law not only controls the scope of the "fraud" exception to the Treasury regulations, but also limits the remedies appropriate to redress the injury caused. An appropriate remedy for fraudulent conduct must preserve the effect of the ownership provisions of the Treasury regulations so far as this is compatible with redressing the injury inflicted by the fraud of the purchaser. The purchaser's designation of a beneficiary should obviously be respected so far as it involves only the use of the purchaser's own funds and involves no fraud upon any third party. The remedy adopted by the Washington Supreme Court does not satisfy these basic criteria and so would be erroneous even if the court had correctly found that the husband's conduct was fraudulent.

To remedy what it had found to be fraudulent conduct in the husband's purchase of savings bonds with community funds, the Supreme Court of Washington ordered that no part of the bonds should be considered owned by the registered beneficiary. Their entire value was to be contributed to the estate as communi-

ty funds, one-half of which would go to the surviving wife and the other half of which would pass pursuant to the husband's will (R. 15-16). This result did vindicate the asserted wrong to the wife, but it also conferred a windfall upon the other respondents in this case (who were legatees under the husband's will). Moreover, it denied the purchaser of the bonds the right to select his beneficiary even as to the one-half interest purchased with his own funds. Although Angel Yiatchos owed his legatees no obligation in the management of his and his wife's property, and his action in purchasing the bonds could not possibly be considered fraud or a breach of trust as to them, under the decision below they benefited from his alleged fraud against the wife, at the expense of the registered beneficiary of the bonds.

The regulations may not be read to create an exception to their express provisions which is any broader than necessary to protect the rights of those who have been defrauded or otherwise wronged. The court below (assuming that there had been proof of fraud) should either have imposed a trust on the bonds in favor of the wife to the extent of a one-half interest in them or entered judgment for her against the petitioner in an amount equal to one-half their value. These are the remedies which other state courts have normally adopted where they have found fraud or its equivalent in the purchase of savings bonds.[12] They follow the normal rule of restitution

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[12] *E.g.*, *Ibey* v. *Ibey*, 93 N.H. 434, 436, 43 A. 2d 157, 159; *Succession of Geagan*, 212 La. 574, 588, 599, 33 So. 2d 118,

which is to impose a constructive trust or its equivalent on the proceeds of the wrongdoer's gain, to the extent of the injured person's interest.[12] To go further, we submit, would be an unnecessary and unwarranted interference with the controlling provisions of the Treasury regulations.

CONCLUSION

For the foregoing reasons, the judgment of the Washington Supreme Court should be reversed and the cause remanded for further proceedings.

Respectfully submitted,

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SEPTEMBER 1953.

122, 126. See, *In re Haas' Estate*, 10 N.J. Super. 581, 77 A. 2d 523 (bonds ordered re-registered in proper name).

[12] Restatement, *Restitution* §§ 150, 151, 160. This rule also appears to prevail as to breaches of trust by the husband as manager of the community property in most community property states.

APPENDIX

Section 757c(a) of Title 31 U.S.C. provides:

> The Secretary of the Treasury, with the approval of the President, is authorized to issue, from time to time, through the Postal Service or otherwise, United States savings bonds and United States Treasury savings certificates, the proceeds of which shall be available to meet any public expenditures authorized by law, and to retire any outstanding obligations of the United States bearing interest or issued on a discount basis. The various issues and series of the savings bonds and the savings certificates shall be in such forms, shall be offered in such amounts, subject to the limitation imposed by section 757b of this title, and shall be issued in such manner and subject to such terms and conditions consistent with subsections (b)-(d) of this section, and including any restrictions on their transfer, as the Secretary of the Treasury may from time to time prescribe.

Section 315.5 of Title 31 C.F.R. provides in pertinent part:

> United States Savings Bonds are issued only in registered form. The form of registration used must express the actual ownership of and interest in the bond and, except as otherwise specifically provided in Subpart E and § 315.48 of Subpart I of this part, will be considered as conclusive of such ownership and interest. * * *

Section 315.7 of Title 31 C.F.R. provides in pertinent part:

> Subject to any limitations or restrictions contained in these regulations on the right of any

person to be named as owner, coowner, or beneficiary, savings bonds may be registered in the following forms:

(a) *Natural persons.* In the names of natural persons in their own right.

(1) *Single owner.* Example:

"John A. Jones."

(2) *Coownership form — two persons (only).* In the alternative as coowners. Example:

"John A. Jones or Mrs. Ella S. Jones."

No other form of registration establishing coownership is authorized.

(3) *Beneficiary form — two persons (only).* Examples:

"John A. Jones payable on death to Mrs. Ella S. Jones;"

John A. Jones P.O.D. Mrs. Ella S. Jones."

"Payable on death" may be abbreviated to "P.O.D." as indicated in the last example. The first named person is hereinafter referred to as the owner and the second named person as the beneficiary.

Section 315.20(a) of Title 31 C.F.R. provides:

No judicial determination will be recognized which would give effect to an attempted voluntary transfer inter vivos of a bond or would defeat or impair the rights of survivorship conferred by these regulations upon a surviving coowner or beneficiary, and all other provisions of this subpart are subject to this restriction. Otherwise, a claim against an owner or coowner of

a savings bond and conflicting claims as to ownership of, or interest in, such bond as between co-owners or between the registered owner and beneficiary will be recognized, when established by valid judicial proceedings, upon presentation and surrender of the bond, but only as specifically provided in this subpart.

Section 315.65 of Title 31 C.F.R. provides in pertinent part:

During the lifetime of the registered owner. A savings bond registered in beneficiary form, for example, "John A. Jones payable on death to Mrs. Mary C. Jones," will be paid or reissued upon presentation and surrender during the lifetime of the registered owner, as follows:

(a) *Payment.* The bond will be paid to the registered owner during his lifetime upon his properly executed request as though no beneficiary had been named in the registration. The presentation and surrender of the bond by the registered owner for payment establishes his exclusive right to the proceeds of the bond, and if he should die before the transaction is completed, payment will be made to the legal representative of, or the persons entitled to, his estate upon receipt of proof of the appointment and qualification of the representative or the identity of the persons entitled, in accordance with the provisions of Subpart N.

Section 315.66 of Title 31 C.F.R. provides:

After the death of the registered owner. If the registered owner dies without the bond having been presented and surrendered for payment or

authorized reissue and is survived by the beneficiary, upon proof of death of the owner the beneficiary will be recognized as the sole and absolute owner, and payment or reissue will be made as though the bond were registered in his name alone (see Subpart K).

Section 11.04.230 of the Revised Code of Washington provides:

> If either co-owner of United States savings bonds registered in two names as co-owners (in the alternative) dies without having presented and surrendered the bond for payment to a federal reserve bank or the treasury department, the surviving co-owner will be the sole and absolute owner of the bond.

Section 11.04.240 of the Revised Code of Washington provides:

> If the registered owner of United States savings bonds registered in the name of one person payable on death to another dies without having presented and surrendered the bond for payment or authorized reissue to a federal reserve bank or the treasury department, and is survived by the beneficiary, the beneficiary will be the sole and absolute owner of the bond.

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